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15 November 1955

CONFIDENTIAL

MEMORANDUM FOR THE RECORD

FROM : Chief, Budget Division

SUBJECT: Obligations and Expenditures under the Building Appropriation.

1. Mr. Hamilton called and asked for estimates of obligations and expenditures during the Fiscal Years 1956 and 1957 under the Building Appropriation. After discussions with [redacted] the following estimates were furnished to Mr. Hamilton:

	1956		1957	
	Obligations	Expenditures	Obligations	Expenditures
FY 1956 Current Appropriation (\$5.5 million):				
Architect & Engineering....	\$3,000,000	\$ 750,000	\$ -	\$ 1,750,000
Roads & Site Improvement...	2,500,000	250,000	-	2,250,000
Appropriation during FY 1957 (\$49 million):				
Building	-	-	43,000,000	8,600,000 *
Roads & Site Improvement...	-	-	6,000,000	2,000,000
TOTAL	\$5,500,000	\$1,000,000	\$49,000,000	\$14,600,000

* It was estimated that the contract for the construction would be entered into on 1 January 1957 and the construction would be completed by 1 January 1959. It is requested that the Bureau of the Budget estimate these expenditures on the actual construction of the building based on prior experience and building construction expenditures. This was agreed to. In subsequent discussions with Mr. Hamilton, he indicated that they had estimated that \$8.6 million would be disbursed during FY 1957 if the contract was entered into by 1 January 1957.

2. The above information had been requested by Mr. Hamilton in connection with some overall expenditure figures being prepared in the Bureau. 25X1A

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DOC 79	REV DATE 13-5-81	BY 006199
CHIEF COMP -	WPI 38	TYPE 01
REV CLASS C		
JUST 22	NEXT REV 2011	AUTH: NR 10-2

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MEMORANDUM FOR THE RECORD:

SUBJECT: Steps to be taken in the 84th Congress, 2nd Session, to secure the remaining funds for the construction of the new CIA headquarters installation.

I. ASSUMPTION

1. Reference is made to the Memorandum for the Record from the Inspector General, dated 4 August 1955, requesting a memorandum outlining the steps to be taken with the Congress in connection with securing appropriations for the construction of the new CIA headquarters installation. It is assumed that the construction will be undertaken within the present total authorization of \$54,500,000, and that no attempt will be made to increase that authorization. Proceeding on this assumption, all that will remain to do during the Second Session of the 84th Congress will be to secure the appropriations required to carry on or complete the construction.

II. THE AMOUNT OF MONEY REQUIRED

2. Under the provisions of the Military Construction Act of 1955 (P.L. 161), CIA was authorized \$54,500,000 for the purpose of constructing its headquarters installation. Preliminary funds for planning and other purposes in the amount of \$5,500,000 were provided in the Supplemental Appropriations Act, 1956. This means that it will be necessary to secure an additional \$49,000,000 in appropriations from the Congress in order to complete the construction, provided the installation is located at Langley, Virginia. If CIA does not locate its new headquarters installation at Langley, Virginia, the over-all authorization will be reduced by the \$8,500,000 which was authorized for the construction of the extension of the George Washington Memorial Parkway to the Langley site, but an additional sum of not to exceed \$350,000 may be utilized for the purchase of land for a site. As a technical matter, if CIA does not locate at Langley, the appropriation to be requested would be in the amount of \$43,000,000 with the \$350,000 coming out of the \$2,500,000 already authorized for expenditure "for other purposes" authorized by Title IV of P.L. 161.

3. A decision must be reached as to whether CIA will seek, in the forthcoming session of the Congress, all of the remaining money which it requires to complete construction, or will only request such portion of the required funds as can foreseeably be contracted for or expended during Fiscal Year 1957. From the standpoint of CIA, it would be preferable to request all of the remaining funds at once. This is standard practice

DOC 80	REV DATE 13-5-81	BY 006199
ORIG COMP	OPI 38	TYPE 01
ORIG CLASS. M	PAGES 6	REV CLASS 4
JUST	NEXT REV	AUTH: HR 70-2

in government construction, as the money remains available until expended. Because of the probability that the entire amount will not be utilized in F/Y 57, however, the Bureau of the Budget and the Administration may desire that CIA request only a portion of the remaining funds during the Second Session. If this is so, we will have to determine how much we feel can actually be expended or contracted for during fiscal year 1957, and request appropriations in that amount.

4. It may also be necessary to obtain specific appropriation language to permit expenditures for the construction of bank, barber, drug store, or similar facilities. The General Counsel is studying this point, but there has, as yet, been no decision as to whether these facilities will be included.

III. WHERE THESE FUNDS SHOULD BE LOCATED

5. The next problem is where CIA construction funds should be placed in the Budget. Because of the manner in which the CIA funds were set up for the building project in the Treasury, and because for purpose of this account CIA is carried in the Executive Office of the President, the Bureau of the Budget had originally contemplated placing the request for the additional CIA construction funds in the appropriations for General Government Matters. It has been pointed out to the Bureau of the Budget that these funds should be located in the Budget in such a manner that they will automatically come before the Defense Appropriations Subcommittee. This would not be the case were they to be included in General Government Matters, which has a special appropriations subcommittee of its own. It would appear necessary to include the CIA building appropriation request either in the appropriation bill for the Department of Defense, or in the military construction appropriations request. The latter would be included in a Supplemental Appropriations bill.

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the House take place in March. This is fairly early in the military hearings, as the final bill is usually not reported out until May. If our construction funds are also to be in the Defense Appropriations Bill, we will have to request the Committee Chairman to hold separate construction fund hearings sometime in April, as DB/S feels that we will not be ready to make a presentation until 1 April 1956.

7. If CIA continues to carry its construction funds as a part of the military construction program (by which legislation the funds were originally authorized), one must bear in mind that the military construction bill is one of the last bills to be processed through the

Appropriations Committees, and that the appropriations for these purposes come rather late in the session. For example, in 1955, the military construction bill itself was not introduced until 20 April, and hearings on the appropriations commenced in June. The House Appropriations Committee, however, expects that this bill will be sent up in March, 1956, so that more timely action can be had. It will be recalled that the CIA appropriation request for construction funds was not formally submitted to the Congress by the President until 1 July 1955, although actually the House Appropriations hearing on the CIA building funds was held at the end of June.

8. It would appear from the above that, from the standpoint of timing and avoiding the last minute rush for adjournment with its attendant attempts to cut back the budget on Capitol Hill, it would be preferable if our construction funds were included in the regular appropriations

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the same bill. This problem has been met in part by the Senate Armed Services Committee Report in connection with the authorization for the building. The Report stated that "This authorization has been included in the military construction bill since the Armed Services Committee have jurisdiction over matters of substantive legislation affecting the Central Intelligence Agency." Similar language could cover the situation again.

IV. FACTS REQUIRED FOR PRESENTATION

9. As indicated above, ED/S feels that CIA should be ready to make an adequate presentation in support of its additional funds for construction purposes by 1 April 1956. We must be absolutely certain that such is, in fact, the case; for to make a partial or ineffective presentation might well lead to the denial of any additional funds until 1957. Informal discussions which I have had with members of the staff of the Defense Appropriations Subcommittee indicate that it would be highly desirable to have the architects present at the hearings, together with drawings of the exterior of the building. In addition to these drawings, it was recommended that CIA present a flow chart showing the efficiency of the proposed building, and also a study of the road situation. Because of the controversy which has arisen over the proposed location of the new headquarters installation, it is strongly recommended that CIA have its consultant engineers available at the hearing together with their report on the site selection. It was recommended that note be taken of the type of questions which the Committee members asked the Secretary of the Air Force and his architects in connection with the Senate Appropriations hearings on funds for the construction of the Air Academy. Attached are a few of the pertinent questions asked and matters discussed at those hearings in connection with the new Academy, which would appear to be equally pertinent in connection with the new CIA building.

CONTACTS TO BE MADE

10. At such time as the Director is prepared to make his final formal announcement on the selection of a site, it is recommended that he advise certain members of the Congress of his decision just prior to, or coincident with, a public announcement of the selection. It is recommended that this information be given to Chairman Russell and Senator Saltonstall of the Senate Armed Services Committee, and to Senator Stennis as Chairman of its Subcommittee on Real Estate and Military Construction. Similar notice should also go to Chairman Vinson and Congressman Short of the House Armed Services Committee. It is also recommended in this connection that the Director contact Chairman Hayden and Senator Bridges, of the Senate Appropriations Committee, as well as Senator Chavez, Chairman of its Defense Appropriations Subcommittee. In addition, the Senators from Virginia and Maryland (Senators Byrd, Robertson, Beall, and Butler) and Congressman Bruyhill and Rankford, of Virginia and Maryland respectively, should also be advised. Similar advice should be given to Chairman Cannon of the House Appropriations Committee and Mr. Taber, together with Chairman Mahon and Mr. Wigglesworth of the House Defense Appropriations Subcommittee. It is also recommended that, prior to any formal announcement on site selection, the DCI consider the advisability of calling on either Governor Stanley of Virginia or Governor McKeldin of Maryland to advise them of CIA's decision to construct an installation in their state.

11. It would appear advisable to be in touch with all of the members of the Defense Appropriations Subcommittees noted above prior to any hearing on the CIA construction appropriations request through the medium of luncheons at which the building could be brought up casually, and through a formal suggestion that they may wish to visit the proposed site.

Walter L. Pforzheimer
Legislative Counsel

1 Incl.